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Colombia

Trade Policy Monitoring

Wet Pet Food Removed from the Andean Community Price Band 2002

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Report Highlights:

After three years of relentless Post's efforts, the Colombian Government lowered the duty for wet pet food.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Bogota [CO1], CO

On June 7, 2002, the Andean Community issued Decision 520, removing canned pet food from the Andean Community Price Band System. This change removed the Andean Community variable duty from canned (usually wet) pet food, lowering the duty to a basic duty of 20 percent, down from 27 percent. Although the duty reduction is not that significant, it should be noted that the variable plus basic duty was over 90 percent two years ago when the effort to remove canned pet food from the price band system was begun.

The Agricultural Affairs Office in Bogota, along with the U. S. Trade Representative (USTR) and private sector pet food exporters, has been working for three years to get Colombian duties on pet food lowered. All pet food (both wet and dry) has always been lumped into one Harmonized Systems tariff code and had been linked to corn in the Andean Community Price Band System, because of the high grain content in dry pet food. Colombia was pressured by USTR to resolve the pet food duty issue, during negotiations to extend Colombia's exemption to the WTO Customs Valuation Agreement in 2000. In an April 27, 2000, letter Colombia committed itself to work in the Andean Community to remove wet pet food from the price band, since this type of pet food contained no grain and, therefore, should not have been linked to corn in the price band system.

At the time of this effort, the combined basic plus variable duty for pet food was in the area of 90 percent, creating an effective barrier to pet food imports. During the two years that passed while Colombia worked in the Andean Community to gain an agreement to remove canned pet food from the price band system, low world grain prices made up more and more of the five-year average used as a basis for calculating the price band, resulting in sharply lower variable duties. As a result, the removal of canned (or wet) pet food from the Andean Community price band system, resulted in a duty reduction of only 7 percent. However, the removal from the price band precludes any future increase in wet pet food duties above the basic duty level of 20 percent, which would occur if world grain prices were to increase. The predictability of the basic duty will make it much easier for U.S. exporters to export to the Colombian market, as well as to other Andean Community countries.